

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
Before the Director of the Department of Insurance and Financial Services

In the matter of:

Loren Frank Garmo
System ID No. 0667769,

Enforcement Case No. 21-16471

LA Insurance Agency 278, LLC
System ID No. 0114489,

Respondents.

_____ /

Issued and entered
on February 25, 2022
by Randall S. Gregg
Senior Deputy Director

ORDER ACCEPTING STIPULATION

Based upon the Stipulation to Entry of Order and the files and records of the Department of Insurance and Financial Services (DIFS) in this matter, the Senior Deputy Director finds and concludes that:

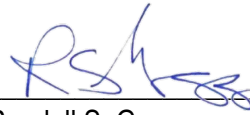
1. The Senior Deputy Director has jurisdiction and authority to adopt and issue this Order Accepting Stipulation pursuant to the Michigan Administrative Procedures Act of 1969 (APA), as amended, MCL 24.201 *et seq.*, and the Michigan Insurance Code of 1956 (Code), MCL 500.100 *et seq.*
2. Respondent LA INSURANCE AGENCY 278, LLC (System ID No. 0114489) (LA 278) is a licensed resident insurance producer agency with qualifications in casualty and property. Its primary place of business is located at 18805 E 9 Mile Rd, Eastpoint, MI 48021.
3. Respondent LOREN FRANK GARMO (System ID No. 0667769) is a licensed resident insurance producer with qualifications in casualty, property, life, and accident and health who was employed by LA 278 as an insurance producer and Designated Responsible Licensed Producer (DRLP) during the time period relevant to this action.
4. LA 278 and Garmo are collectively herein referred to as Respondents.
5. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.
6. Acceptance of the Stipulation to Entry of Order is reasonable and in the public interest.
7. All applicable provisions of the APA have been met.
8. Respondents neither admit nor deny the allegations contained in the Notice of Opportunity to Show Compliance (NOSC) nor the findings contained in this Order set forth below, but have agreed to the entry of this Order to fully resolve the above-captioned enforcement case.

9. Based on its investigation of the above-captioned enforcement case, DIFS finds as follows:
 - a. LA 278 either sells or sold Nation Safe Drivers (NSD) travel club memberships in conjunction with the sale of DIFS-approved insurance policies. An NSD travel club membership was an optional ancillary product with respect to the insurance transaction that is the subject of this action.
 - b. Respondents misled customer DF by falsely informing her that she was required to pay a \$250.00 agency fee in conjunction with the purchase of her insurance. The \$250.00 was in fact allocated to the purchase of an NSD club membership without DF's knowledge or consent.
10. Based on the foregoing findings, the Senior Deputy Director finds and concludes that Respondents have committed acts under the Code that provide justification for licensing sanctions pursuant to Sections 1239(1)(c) and (1)(g) and Section 1244(1)(a-d) of the Code, MCL 500.1239(1)(c) and (1)(g), and MCL 500.1244(1)(a-d).

Now therefore, based upon the Stipulation to Entry of Order and the facts surrounding this case, **IT IS ORDERED THAT:**

1. The Stipulation to Entry of Order and all agreements contained therein are accepted in their entirety.
2. Respondent LA 278 shall pay a civil fine of \$1,100.00 within 30 days of the issuance of a DIFS invoice for said amount. The invoice must accompany the payment. Additionally, LA 278 shall provide restitution to customer DF consisting of a refund of the purchase price of the NSD club membership that DF was required to purchase in conjunction with the insurance transaction cited in the previously issued Notice of Opportunity to Show Compliance. The restitution must be paid within thirty days of the issuance of this Order, and LA 278 must provide a full accounting to DIFS within 45 days of the issuance of this Order as to its compliance with restitution.
3. Respondent Loren Frank Garmo shall pay a civil fine of \$1,100.00 within 30 days of the issuance of a DIFS invoice for said amount. The invoice must accompany the payment.
4. Within 30 days of the execution of this agreement, LA 278 shall develop and implement a written internal procedure with respect to the sale of ancillary products in conjunction with or contemporaneously with insurance. The goal of the procedure is to ensure that the Code is not violated in the future in the manner described above and that the informed consent of the customer has been obtained prior to the sale of the ancillary product. The procedure must communicate to LA 278 staff that the sale of an insurance policy cannot be conditioned upon the purchase of an ancillary product.
5. The Senior Deputy Director retains jurisdiction over the matters contained herein and has the authority to issue such further orders as shall be deemed just, necessary, and appropriate in accordance with the Code. Failure to abide by the terms and provisions of the Stipulation to Entry of Order and this Order constitutes an independent violation of the Code and may result in the

commencement of additional proceedings that could impose additional penalties, including revocation of licensure.



Randall S. Gregg
Senior Deputy Director

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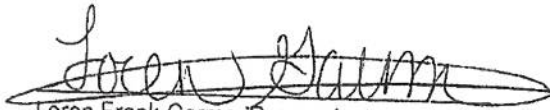
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STIPULATION TO ENTRY OF ORDER

Petitioner DIFS and Respondents Loren Frank Garmo and LA Insurance Agency 278, LLC stipulate to the following:

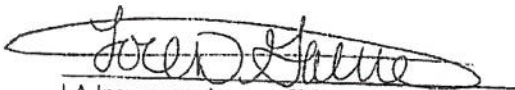
1. On or about September 10, 2021, DIFS issued a Notice of Opportunity to Show Compliance (NOSC) in the above-captioned enforcement case. DIFS alleged that Respondents engaged in actions that gave rise to sanctions pursuant to Sections 1239(1)(c) and (1)(g) of the Code, MCL 500.1239(1)(c) and (1)(g). DIFS' factual assertions were essentially that Respondents falsely informed customer DF that she was required to pay a \$250.00 agency fee in conjunction with her insurance transaction.
2. Without admitting to any of the allegations set forth above, Respondents have reviewed and voluntarily consented to the entry of the Order Accepting Stipulation that will be entered in this enforcement case.
3. Respondents understand that this Stipulation will be presented to the Senior Deputy Director for approval and that the Senior Deputy Director may or may not approve and adopt it. Respondents further agree that the Senior Deputy Director has jurisdiction and authority to approve and adopt this Stipulation.
4. Respondents understand that, by agreeing to this Stipulation to Entry of Order, they are waiving the right, pursuant to the Code, the rules promulgated thereto, and the Michigan Administrative Procedures Act of 1969 (APA), to a hearing before an administrative law judge, at which DIFS would be required to prove the charges set forth by presentation of evidence and legal authority and at which Respondents would be entitled to appear, to cross-examine all witnesses presented by DIFS, and to present such testimony or other evidence or legal authority deemed appropriate as a defense to said charges.
5. Respondents waive any objection to the Director deciding this case following a Michigan Office of Administrative Hearings and Rules hearing in the event that the Stipulation to Entry of Order is not approved.

6. The parties agree that the Stipulation to Entry of Order represents the full and complete agreement of the parties in this matter and, in the event that the Stipulation is accepted by the Senior Deputy Director, shall completely resolve the enforcement case captioned above.



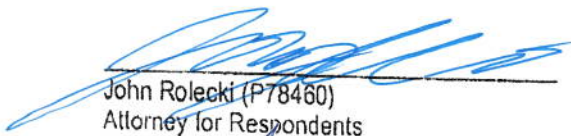
Loren Frank Garmo, Respondent
System ID No. 0667769

2/21/2022
Date



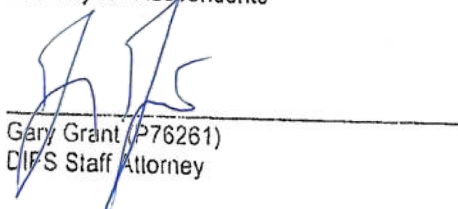
LA Insurance Agency 278, LLC, Respondent
System ID No. 0114489

2/21/2022
Date



John Rolecki (P78460)
Attorney for Respondents

2/22/2022
Date



Gary Grant (P76261)
DIFS Staff Attorney

2-23-2022
Date